

## **Testimony before Senate Finance Committee – July 12, 2007**

It is an honor to appear before you today to discuss Alabama's *Personal Choices* program and how expanding consumer-directed care fits into our state's plan to transform Medicaid and improve health outcomes.

The Alabama Medicaid Agency has a long-standing commitment to community-based care. Our two largest home and community-based waiver programs have been in existence since the early 1980s, and today, more than 14,000 Alabama residents currently choose to participate in one of six programs as an alternative to institutional-based care.

More recently, the state of Alabama has made a commitment to Medicaid transformation. As a result, Alabama was awarded a 7.6-million-dollar grant in January of 2007 for "Together for Quality," an initiative that will create a statewide electronic health information system while establishing a comprehensive, quality improvement model for the Alabama Medicaid program.

The *Personal Choices* program is an important step in this journey away from a process-oriented program to one that is patient-focused, quality-oriented and cost-efficient.

### Slide 2 – Consumer Directed Care in Alabama

Our original plan was to submit *Personal Choices* as an 1115 Research and Demonstration waiver. The Centers for Medicare and Medicaid Services (CMS) asked us instead to take advantage of the new provisions of the DRA and submit it as a State Plan Amendment. We submitted our request to amend Alabama's State Plan in December of 2006 and received approval in May 2007.

### Slide 3 – DRA 2005

The new DRA provision that made this possible is Section 6087, or 1915(j). This provision allows states to implement programs which incorporate self-directed care. One unique aspect of this provision is that it allows states to target specific populations. In Alabama, this meant we could implement the *Personal Choices* program in a way that ensured the health and safety of our recipients as well as overall program success.

#### Slide 4 – Program Value

We believe the *Personal Choices* program represents real value to taxpayers and to our recipients. It allows us to live within our budget because no additional expense is projected. At the same time, it offers the potential for multiple consumer benefits.

#### Slide 5 – Expected Consumer Outcomes

For those recipients who want to exercise greater control over their daily lives, *Personal Choices* potentially offers improvements in terms of consumer satisfaction, reducing caregiver stress, increasing access to services and positive health and safety outcomes.

Changing caregivers or making new care arrangements is a risk our vulnerable clients do not undertake casually. This program based on a State Plan Amendment assures recipients that our commitment to this effort is for the long-term.

#### Slide 6 – Expected Outcomes for the State

For Alabama, offering this program under a State Plan Amendment frees us to focus on nurturing and supporting the program while removing the workload and expense associated with periodic waiver renewals.

Research from other states suggests that the state will benefit in other ways as well, most notably in terms of cost reduction and quality improvements.

#### Slide 7 – Program Validity

*Personal Choices* is a program in which we have great confidence. The model on which it is based is popularly known as the “Cash and Counseling Model” which has been extensively tested in conjunction with the Robert Wood Johnson Foundation and CMS. We will closely monitor this effort to ensure that patient safety and overall service meets or exceeds what the current program now offers.

#### Slide 8 – Personal Choices Program

The *Personal Choices* program is scheduled to start on August 1<sup>st</sup> in seven west Alabama counties, including some of the nation’s most impoverished areas. Nearly 700 individuals can choose to participate in this voluntary program which is limited to personal care or personal assistance services.

#### Slide 9 – Working together for Consumers

The Alabama Medicaid Agency will work in partnership with two other state agencies to implement this program. The Alabama Department of Senior Services will administer the program in tandem with the Alabama Department of Rehabilitation Services. Both agencies are already actively involved with recipients who are eligible for this program.

#### Slide 10 – Eligible Individuals

To participate in “Personal Choices,” eligible individuals must be in a qualifying waiver program for the elderly or disabled, live in one of the seven pilot counties, accept the responsibility for working with a counselor to develop and follow a spending plan, hire and manage support workers, and follow the budget based on assessed need.

#### Slide 11 – Program Integrity

Changing to consumer-directed care requires that the state take extra measures to prevent fraud and abuse. Alabama has built safeguards into its program that include use of a qualified fiscal Employer Agent and counselors to assist clients.

Additionally, counselors will work with recipients to provide clear definition and communication about program parameters, including what can and cannot be purchased. Counselors will also be responsible for closely reviewing budget plans and for reviewing worker time sheets and check requests.

#### Slide 12 – Conclusion

As we prepare to launch the *Personal Choices* program in Alabama, we are energized by the possibilities that lie ahead for our state. It is our hope that the *Personal Choices* program is but one of many quality improvement projects that will allow us to move away from our traditional, process-oriented system to one that is coordinated, patient-centered and cost-efficient.